



INTERNATIONAL  
URANIUM (USA)  
CORPORATION

m/37/043

Independence Plaza, Suite 950 • 1050 Seventeenth Street • Denver, CO 80265 • 303 628 7798 (main) • 303 389 4125 (fax)

May 22, 2002

**RECEIVED**

**MAY 28 2002**

**DIVISION OF  
OIL, GAS AND MINING**

**Via Overnight Mail**

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program  
Division of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Re: Extension of Suspension of Mine Operations.

Dear Mr. Hedberg:

International Uranium (USA) Corporation ("IUSA") received, on May 16, a certified letter from the Division of Oil, Gas, and Mining (the "Division"), dated May 10, 2002, advising IUSA of the upcoming five-year review of reclamation surety for the mine permits held by IUSA. In addition to providing this notice to IUSA, the letter also advised IUSA to act promptly to request an extension of suspension of operations, if IUSA so intends. This letter is IUSA's formal request to the Utah Board of Oil, Gas, and Mining ("Board") for an extension of the present suspension of operations.

IUSA operates five (5) mines in San Juan County, including:

- Rim-Columbus Mine (M/037/006)
- Pandora Mine (M/037/012)
- LaSal – Snowball Mine (M/037/026)
- Hecla Shaft (M/037/043)
- Redd Block IV (M/037/046)

The operational status of each of these operations is detailed in the attached supplemental information.

The Rim Mine operated as recently as 1998, IUSA mines, nearby in Colorado, operated as recently as 1999, and plans were underway to resume operations at the Pandora, LaSal, and Snowball mines during this recent period also. As has historically been the case with mining operations in the Colorado Plateau mining district, mines operate and then suspend operations periodically in response to uranium and vanadium market fluctuations. The mineral resources controlled by IUSA on the Colorado Plateau are

estimated to be over 8 million pounds of uranium and more than 47 million pounds of vanadium, which represent a significant portion of U. S. domestic resources. These resources can be developed at reasonable uranium/vanadium prices; however, if the mines are permanently reclaimed, these resources will essentially be gone forever. For these reasons, the mines should be maintained on "standby".

In addition to preserving the mines and resources, IUSA has been aggressively pursuing the development of an "alternate feed" program for the White Mesa Mill. This program identifies uranium-bearing materials which can be processed at the Mill to recover/recycle the valuable uranium. The alternate feed materials are typically: process residues from other mineral processing operations; government clean-up programs (e.g. the Corps of Engineers' Formerly Utilized Site Remedial Action Program ("FUSRAP")); and process residues from other nuclear fuel cycle operations. The alternate feed program provides sources of feed for the White Mesa Mill and supports maintenance of the necessary infrastructure for eventual mining of the resources in the Colorado Plateau District.

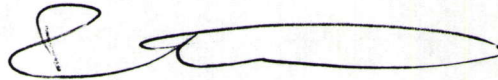
From a macro viewpoint, the world uranium market has shown considerable price firming in the past 18 months. Prices for spot sales have risen from \$7 per pound  $U_3O_8$  in January 2001 to around \$10 per pound  $U_3O_8$  today. Most developed nations are engaged in programs to expand or modernize their nuclear power programs, not only to meet growing demand for electricity, but also to reduce continued escalation of the output of greenhouse gases resulting from combustion of fossil fuels for power generation. In 2000, uranium production from mines supplied only slightly over one half of world uranium consumption; the deficit was made up from inventories and supplies made available by the demilitarization of strategic uranium stockpiles and materials. These inventories and stockpiles are finite and cannot fulfill uranium requirements indefinitely – new uranium production will be required in coming years. IUSA believes that increasing demand for newly produced uranium will have a corresponding positive impact on uranium prices.

Given the projected market conditions, combined with the success of the alternate feed program, which maintains the necessary conventional milling infrastructure, IUSA plans to maintain its mines on standby status in order to provide an opportunity to capitalize on increased uranium prices in the future.

Mr. D, Wayne Hedberg  
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I trust this brief commentary, and the supplemental materials submitted herewith, provides sufficient support to grant an extension to IUSA on the suspension of operations at its mines. Please contact Terry Wetz or myself at 303-628-7798 if you have any questions or if additional information is needed. Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Ron F. Hochstein', with a long horizontal flourish extending to the right.

Ron F. Hochstein  
President & Chief Executive Officer  
International Uranium (USA) Corporation

Attachment.

cc: David C. Frydenlund  
Terry V. Wetz